

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Annual Financial Report

June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10-4-06



STAGNI & COMPANY, LLC

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

**Annual Financial Report
June 30, 2006**

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**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006**

Our discussion and analysis of the Special Education District #1's financial performance provides an overview of financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The *Government-Wide Financial Statements* (GWFS) – The Statement of Net Assets and the Statement of Activities provide information about the financial activities as a whole and present a longer-term view of finances. *Fund Financial Statements* (FFS) – The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in the *INDEPENDENT AUDITOR'S REPORT*, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information is providing varying degrees of assurance. A user of this report should read the *INDEPENDENT AUDITOR'S REPORT* carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is the Special Education District #1 of the Parish of Lafourche as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Special Education District #1 of the Parish of Lafourche as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006**

Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds—not the Special Education District #1 of the Parish of Lafourche as a whole. Some funds are required to be established by State laws or bond covenants.

The Special Education District #1 of the Parish of Lafourche uses only the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.

FINANCIAL HIGHLIGHTS

Our basic financial statements provide these insights into the results of this year's operations:

- Net assets of our governmental activities decreased by \$223,420 or approximately 3.9 percent as a result of this year's operations.
- Total expenses for program activities were \$1,231,408 for the year, which was \$691,989 more than the \$539,419 generated from charges for services and the grants and contributions received for these activities. The remainder of these expenses was covered by general revenues from property taxes collected and investment earnings of \$468,569 that resulted in a net decrease in assets of \$223,420.
- The cost of all of the programs increased by \$57,320, or approximately 4.9 percent. The charges for services and the grants and contributions received for these activities increased by \$12,532 or 2.4 percent, with one new program added this year.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006**

- The governmental funds reported a total ending fund balance of \$4,146,413. Fund balance for governmental activities decreased by \$145,391 from the prior year ending fund balance of \$4,291,804.

FINANCIAL ANALYSIS OF THE DISTRICT #1 AS A WHOLE (GWFS)

The Statement of Net Assets and the Statement of Activities reports all activity as governmental activities. All of the basic instructional and support services are reported as this type. General ad valorem taxes, operating grants and contributions, and fees charged to community homes finance most of these activities. Our analysis below focuses on the net assets of the governmental-type activities:

Condensed Statement of Net Assets

	2006	2005	Dollar Change	Total Percent Change
Current and Other Assets	\$4,263,592	\$4,409,015	\$ (145,423)	-3.3%
Capital Assets	1,317,117	1,391,590	(74,473)	-5.4%
Total Assets	5,580,709	5,800,605	(219,896)	-3.8%
Current Liabilities	68,902	71,291	(2,389)	-3.4%
Long Term Liabilities	69,935	64,022	5,913	9.2%
Total Liabilities	138,837	135,313	3,524	2.6%
Invested in Capital Assets	1,317,117	1,391,590	(74,473)	-5.4%
Restricted	438,467	421,669	16,798	4.0%
Unrestricted	3,686,288	3,852,033	(165,745)	-4.3%
Total Net Assets	\$5,441,872	\$5,665,292	\$(223,420)	-3.9%

Net assets decreased by \$223,420 as a result of this year's operations. The overall financial position decreased during the year. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – absorbed most of the decrease. The balance in net assets represents the accumulated results of all past years' operations.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006**

Condensed Statement of Activities

	2006	2005	Dollar Change	Total Percent Change
Charges for Services	\$ 154,720	\$ 123,125	31,595	25.7%
Operating Grants and Contributions	384,699	403,762	(19,063)	-4.7%
Program Expenses:				
Current	1,107,565	1,062,864	44,701	4.2%
Depreciation - unallocated	123,843	111,224	12,619	11.3%
Total program expenses	<u>1,231,408</u>	<u>1,174,088</u>	<u>57,320</u>	<u>4.9%</u>
Net program income	<u>(691,989)</u>	<u>(647,201)</u>	<u>44,788</u>	<u>6.9%</u>
 General revenues	 468,569	 402,155	 66,414	 16.5%
Change in Net Assets	<u>(223,420)</u>	<u>(245,046)</u>	<u>21,626</u>	<u>23.4%</u>
 Net Assets:				
Beginning of the year	5,665,292	5,910,338	(245,046)	-4.1%
End of the year	<u>\$5,441,872</u>	<u>\$5,665,292</u>	<u>\$(223,420)</u>	<u>-3.9%</u>

Total revenues received for the year were \$1,007,988 (\$154,720 in charges for services, \$384,699 in operating and grant contributions and \$468,569 in general revenues). This reflected an increase of \$78,946 or approximately 8.0 percent from the prior year. The total cost of all instructional and support services, \$1,062,864, increased by \$44,701 from the prior year which is approximately a 4.2 percent increase; one new program was added this year.

FINANCIAL ANALYSIS OF FUNDS (FUND FINANCIAL STATEMENTS)

Governmental funds reported a combined fund balance of \$4,146,413. This reflected a decrease of \$145,391. This decrease is primarily the result of the events and programs described within the analysis of its governmental activities.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006**

Condensed Balance Sheet

	<u>2006</u>	<u>2005</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Total Current Assets	\$ 4,215,315	\$ 4,363,095	\$(147,780)	-3.4%
Total Current Liabilities	68,902	71,291	(2,389)	-3.4%
Fund Equity:				
Reserved	438,467	421,669	16,798	4.0%
Unreserved	<u>3,707,946</u>	<u>3,870,135</u>	<u>(162,189)</u>	<u>-4.2%</u>
Total fund equity	<u>4,146,413</u>	<u>4,291,804</u>	<u>(145,391)</u>	<u>-3.4%</u>
Total Liabilities and Equity	\$ 4,215,315	\$ 4,363,095	\$(147,780)	-3.4%

**Condensed Statement of Revenues, Expenditures
and Changes in Fund Balances**

	<u>2006</u>	<u>2005</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Total Revenues	\$1,011,067	\$ 929,042	82,025	8.8%
Expenditures:				
Current	1,105,683	1,041,971	63,712	6.1%
Capital Outlay	<u>50,775</u>	<u>112,336</u>	<u>(61,561)</u>	<u>-54.8%</u>
Total Expenditures	<u>1,156,458</u>	<u>1,154,307</u>	<u>2,151</u>	<u>0.2%</u>
Excess (Deficiency)	(145,391)	(225,265)	79,874	-35.5%
Fund Balance:				
Beginning of the year	<u>4,291,804</u>	<u>4,517,069</u>	<u>(225,265)</u>	<u>-5.0%</u>
End of the year	<u>\$4,146,413</u>	<u>\$4,291,804</u>	<u>\$(145,391)</u>	<u>-3.4%</u>

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006**

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was revised to reflect a net increase of \$362,859 in ending fund balance. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

Increase (Decrease) due to:	Budgeted Amounts		Increase (Decrease)
	Original	Final	
REVENUES:			
Property taxes assessed decreased	\$ 261,899	\$ 251,635	(\$10,264)
Actual State Revenue Sharing increased	48,687	49,106	419
Donations	1,000	1,000	-
Increase in interest rates.	90,000	163,500	73,500
Adult Services - increase in qualifying clients/programs	443,230	473,616	30,386
Actual Cafeteria Services revenue increased	19,000	20,750	1,750
Bayou Council on Alcoholism revenue decreased	2,400	-	(2,400)
Transportation Revenues - DOTD grant not anticipated	15,000	102,234	87,234
Miscellaneous	100	75	(25)
Income from sale of fixed assets	-	3,079	3,079
Total Revenues	881,316	1,064,995	183,679
EXPENDITURES:			
District and School Administration:	324,586	295,806	(28,780)
Adult Instruction due to not adding retail outlet and line item shifts	518,277	459,479	(58,798)
Cafeteria Services due to shift in line items.	113,703	105,119	(8,584)
Transportation Services mainly decrease in Insurance	105,567	89,416	(16,151)
Community Services due to line item shifts	43,475	41,992	(1,483)
LRS - due to slow start to new program	46,408	412	(45,996)
Physical Plant due mainly to decrease in Insurance	142,100	129,311	(12,789)
Total Current	1,294,116	1,121,535	(172,581)
Capital Outlay due to reallocating project costs	50,500	43,901	(6,599)
Total Expenditures	1,344,616	1,165,436	(179,180)
Net Change in Fund Balance	(463,300)	(100,441)	362,859
FUND BALANCE:			
Beginning	4,230,717	4,270,166	39,449
Ending	\$ 3,767,417	\$4,169,727	\$ 402,310

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006**

CAPITAL ASSETS

The investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2006 and 2005 was \$1,317,117 and \$1,391,590, respectively.

	2006	2005
Land	\$ 93,612	\$ 93,612
Buildings and Improvements	2,754,732	2,754,732
Furniture and Equipment	261,168	253,953
Buses and Vans	240,781	246,992
Total Cost	3,350,293	3,349,289
Accumulated Depreciation	2,033,176	1,957,699
Net Capital Assets	<u>\$ 1,317,117</u>	<u>\$ 1,391,590</u>
Depreciation Expense	<u>\$ 123,843</u>	<u>\$ 111,224</u>

This year there was \$50,775 of additions and \$49,771 of disposals, reflecting the net increase in capital assets before depreciation. More detailed information about the capital assets is presented in Note 6 to the basic financial statements.

LONG-TERM DEBT

The Special Education District #1 of the Parish of Lafourche has long-term debt that consists only of the long-term portion of compensated absences in the amount of \$69,935. More detailed information about the long-term debt is presented in Note 7 to the basic financial statements.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Certain significant aspects of the budget are detailed below:

Beginning Fund Balance	\$ 4,058,775
Projected Revenue	1,009,335
Projected Expenditures	<u>(1,350,894)</u>
Ending Fund Balance	<u>\$ 3,717,216</u>

The Maintenance and Operation Fund maintains the ad valorem tax levy at 1 mill. Included in the 2006-2007 budget is a 6% average increase in health insurance. A 4% increase is included for staff salaries for the District. The employer contribution rate for the Teacher's Retirement System of Louisiana will decrease from 15.9% to 15.8% and employer contribution rate for the School Employees Retirement System will increase from 18.4% to 19.3%.

CONTACTING FINANCIAL MANAGEMENT

This annual report is designed to provide our citizens, taxpayers, and customers with a general overview of the Special Education District #1's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Debra Guidry, Accountant,
P.O. Box 405,
Cut Off, Louisiana 70345
985-632-5671.

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Cut Off, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Special Education District #1 as of and for the year ended June 30, 2006, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Special Education District #1's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Special Education District #1 as of June 30, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 17, 2006, on our consideration of Special Education District #1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Cut Off, Louisiana
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The Management's Discussion and Analysis and the Required Supplemental Information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Stagni & Company

Thibodaux, Louisiana
August 17, 2006



**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE**

Statement of Net Assets

June 30, 2006

ASSETS		GOVERNMENTAL ACTIVITIES
Cash		\$ 1,863,779
Investments		2,277,706
Receivables:		
Accounts		19,944
Other governments		28,072
Prepaid Insurance		48,277
Deposits on vans		22,316
Inventory		3,498
Capital Assets, Net of Accumulated Depreciation		1,317,117
TOTAL ASSETS		5,580,709
 LIABILITIES		
Accounts, salaries, and other payables		35,285
Compensated absences payable - current		33,617
TOTAL CURRENT LIABILITIES		68,902
Compensated absences payable - long term		69,935
TOTAL LIABILITIES		138,837
 NET ASSETS		
Investment in capital assets		1,317,117
Restricted for:		
Capital projects		416,752
Debt service		15,700
Client activities		6,015
Unrestricted		3,686,288
TOTAL NET ASSETS		\$ 5,441,872

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Statement of Activities

For the Year Ended June 30, 2006

	Program Revenues:				
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses)/ Revenue	
Governmental Activities					
Adult Instruction	\$ 454,644	\$ 154,720	\$ 341,232	\$ 41,308	
General and Administrative	414,585			(414,585)	
Plant Maintenance and Operations	127,986			(127,986)	
Physical Plant and Insurance	103,134			(103,134)	
Transportation Services	89,351		43,467	(45,884)	
LRS	260			(260)	
Community Services	41,438			(41,438)	
Total Governmental Activities	\$ 1,231,408	\$ 154,720	\$ 384,699	(691,989)	

General Revenues:

Ad Valorem Taxes	254,059
State Revenue Sharing	49,106
Interest and Dividends	165,329
Miscellaneous	75
Total General Revenues	468,569
Change in Net Assets	(223,420)

Net Assets:

Beginning	5,665,292
Ending	<u>\$ 5,441,872</u>

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Balance Sheet - Governmental Funds

June 30, 2006

	General Fund	Debt Service Fund	Totals
ASSETS			
Cash	\$ 1,848,079	\$ 15,700	\$ 1,863,779
Investments	2,277,706		2,277,706
Receivables:			
Accounts	19,944		19,944
Other governments	28,072		28,072
Deposits on vans	22,316		22,316
Inventory	3,498		3,498
	<u>\$ 4,199,615</u>	<u>\$ 15,700</u>	<u>\$ 4,215,315</u>
LIABILITIES			
Accounts payable	\$ 35,285		\$ 35,285
Compensated absences payable	33,617		33,617
TOTAL LIABILITIES	<u>68,902</u>		<u>68,902</u>
FUND EQUITY			
Fund Balances:			
Reserved for debt service		\$ 15,700	15,700
Reserved for client activities	6,015		6,015
Reserved for capital improvements	416,752		416,752
Unreserved - Undesignated	3,707,946		3,707,946
TOTAL FUND EQUITY	<u>4,130,713</u>	<u>15,700</u>	<u>4,146,413</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 4,199,615</u>	<u>\$ 15,700</u>	<u>\$ 4,215,315</u>

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2006

Total fund balances - governmental funds **\$ 4,146,413**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: 1,317,117

Prepaid expenses (assets) consumed in governmental activities are not financial resources when reported as expenditures in the funds
Prepaid Insurance 48,277

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:
Compensated absences (69,935)

Net assets of governmental activities **\$ 5,441,872**

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006**

	General Fund	Debt Service Fund	Totals
REVENUES			
Ad Valorem Taxes	\$ 254,059		\$ 254,059
State Revenue Sharing	49,106		49,106
Donations	1,000		1,000
Interest and Dividends	165,251	\$ 78	165,329
Adult Services Income	473,862		473,862
Cafeteria Services	21,090		21,090
Intergovernmental Revenue	43,467		43,467
Sale of fixed assets	3,079		3,079
Miscellaneous	75		75
Total Revenues	<u>1,010,989</u>	<u>78</u>	<u>1,011,067</u>
EXPENDITURES			
Current:			
Adult Instruction	454,644		454,644
General and Administrative	288,860		288,860
Plant Maintenance and Operations	127,996		127,996
Physical Plant and Insurance	103,134		103,134
Transportation Services	89,351		89,351
LRS	260		260
Community Services	41,438		41,438
Total Current	<u>1,105,683</u>		<u>1,105,683</u>
Capital Outlay	50,775		50,775
Total Expenditures	<u>1,156,458</u>		<u>1,156,458</u>
NET CHANGE IN FUND BALANCE	(145,469)	78	(145,391)
FUND BALANCE			
Beginning of year	4,276,182	15,622	4,291,804
End of year	<u>\$ 4,130,713</u>	<u>\$ 15,700</u>	<u>\$ 4,146,413</u>

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE**

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2006

Net change in fund balances - governmental funds **\$ (145,391)**

Amounts reported for *governmental activities* in the Statement of Activities
(government-wide financial statements) are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets are allocated over their useful
lives and reported as depreciation expense.

Capital outlay	\$ 50,775	
Sale of fixed assets	(3,079)	
Gain on sale of fixed assets	1,674	
Depreciation expense	<u>(123,843)</u>	
Amount by which depreciation exceeded capital outlays		(74,473)

Other expenses reported in the Statement of Activities that do not require
current financial resources:

Increase in Prepaid insurance	2,357
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For governmental funds, the incurrence of long-term debt provides current
financial resources and the repayment of long-term obligations consumes
current financial resources. Neither transaction has any effect on net assets.

Increase in long-term compensated absences	<u>(5,913)</u>
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Change in net assets of governmental activities **\$ (223,420)**

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2006

Special Education District #1 of the Parish of Lafourche (The Center) was formed by the Louisiana Legislature in 1976 as a political subdivision of the State of Louisiana to purchase, contract, acquire, manage and administer an education and training institution for mentally retarded, handicapped, and other health impaired children and adults. The Center has the power to levy property taxes, incur debt, and perform all other lawful acts necessary to accomplish the above. The Center is governed by a Board of Commissioners; three appointed by the Lafourche Parish Council, and four appointed by the Lafourche Parish School Board.

Note 1 ***Summary of Significant Accounting Policies***

The accounting and reporting policies of The Center conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain significant accounting policies:

A. *Reporting Entity*

GASBS No. 14 "The Financial Reporting Entity," sets forth the standards for defining and presenting the reporting entity in financial statements. To fairly present the financial position and results of operations of the financial reporting entity, a government must determine whether its reporting entity consists of only the legal entity known as the "primary government" or one or more organizations called "component units."

According to GASBS No. 14, The Center is considered a primary government defined as any state government or general purpose local government or a special purpose government that meets all of the following criteria:

- 1) It has a separately elected governing body.
- 2) It is legally separate.
- 3) It is fiscally independent of other state and local governments.

B. *Government-Wide and Fund Financial Statements*

On July 1, 2001, The Center adopted the provisions of Statement No. 34 of the Governmental Accounting Standards Board – "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*" Statement No. 34 established standards for external financial reporting for all state and local governmental entities that includes government-wide financial statements and fund financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2006

Note 1 ***Summary of Significant Accounting Policies (Continued)***

B. ***Government-Wide and Fund Financial Statements (continued)***

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. All individual governmental funds are reported as separate columns in the fund financial statements.

C. ***Measurement Focus, Basis of Accounting/Financial Statement Presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2006

Note 1 Summary of Significant Accounting Policies (Continued)

**C. *Measurement Focus, Basis of Accounting/Financial Statement Presentation
(Continued)***

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The Center utilizes the following governmental funds:

General Fund:

The General Fund is the primary operating fund of The Center. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include

- 1) charges to customers or applicants for goods, services, or privileges provided,
- 2) operating grants and contributions, and
- 3) capital grants and contributions, including special assessments.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2006

Note 1 Summary of Significant Accounting Policies (Continued)

**C. Measurement Focus, Basis of Accounting/Financial Statement Presentation
(Continued)**

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

The Center's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and The Center's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

E. Ad Valorem Taxes

Ad Valorem taxes of Lafourche Parish are levied around November 1 and are due and payable on that date. Ad Valorem taxes become delinquent on January 1 of the next year. Ad Valorem taxes are assessed by the Lafourche Parish Tax Assessor and are collected by the Lafourche Parish Sheriff and remitted monthly by the Sheriff to The Center. Tax revenues are recognized when they become available. Available includes those taxes receivable expected to be collected. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

The following is a summary of authorized and levied ad valorem taxes:

	Millage		Expiration
	Authorized	Levied	Date
Taxes due for:			
Operation & Maintenance	4.77	1.00	2006
Debt Service	4.77	-	2006

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2006

Note 1 Summary of Significant Accounting Policies (Continued)

E. Ad Valorem Taxes (continued)

The following are the principal taxpayers and related assessed value and property tax revenue received for the District for the current year:

Taxpayer	Assessed Value	Tax Revenue
Chouest, Edison, Offshore, LLC	\$18,235,660	\$18,235

F. Inventory

Inventory of food in the general fund is valued at cost (first-in, first-out). Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased.

G. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental funds in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Center uses a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	7 - 40 years
Furniture, fixtures, and equipment	5 - 15 years
Vehicles	8 years

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2006

Note 1 **Summary of Significant Accounting Policies (Continued)**

H. Compensated Absences

The Center compensates substantially all full time employees for unused vacation up to twelve days. Unused vacation is paid upon termination or retirement.

Sick leave accumulates at the rate of ten days for 185-Day Personnel and twelve days for 240-Day Personnel. Sick leave is not paid upon termination or retirement.

Compensation time is granted for approved extra hours of work in accordance with the Fair Labor Standards Act. Compensation time is paid upon termination or retirement.

I. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Reserved Fund Balances and Restricted Net Assets

The portion of unexpended funds dedicated for debt service is recorded as reserve for debt service and is restricted for debt service on the Statement of Net Assets. The portion of unexpended funds that have been recorded as restricted donations for client activities are recorded as reserve for client activities in the General Fund and restricted on the Statement of Net Assets. The portion of unexpended funds dedicated for future capital improvements are recorded as reserve for capital improvements in the General Fund and restricted on the Statement of Net Assets.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2006

Note 1 Summary of Significant Accounting Policies (Continued)

J. *Reserved Fund Balances and Restricted Net Assets (continued)*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 Stewardship, Compliance, and Accountability

The Center uses the following budget practices:

- The Finance Committee of the Board of Commissioners prepares a balanced operating budget each year, which is then ratified by the full Board after an appropriate public hearing. The budget contains an appropriation resolution that authorizes the expenditures of funds up to the budgeted amount of the year.
- The budget may be amended during the year as conditions dictate so long as it remains in balance. One-half of the prior year's appropriation automatically renews each year without any formal Board approval.
- During the current year a budget was not adopted for the debt service fund. The bonds were paid out in the previous fiscal year; therefore, the bond covenant legally requiring a budget to be adopted for the debt service funds was no longer in force.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2006

Note 3

Ad Valorem Taxes

For the year ended June 30, 2006, taxes of 1.00 mills were levied on property valued as of January 1, 2004 located in Ward 10 of the Parish of Lafourche. The assessor for the Parish is responsible for preparing the property tax rolls and collecting the millage on all property dedicated. Taxes levied were \$258,624 of which 98% were collected through June 30, 2006.

Note 4

Deposits and Investments

Deposits:

Demand (deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At June 30, 2006, the carrying amount of deposits was \$1,863,779 and the bank balance was \$1,923,859. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial credit risk is the risk that in an event of a bank failure, the district's deposits may not be returned to it. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank. The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

FDIC and pledged securities valued at \$2,645,756 secure these deposits from risk. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the District's name.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2006

Note 4 Deposits and Investments (Continued)

Investments:

All of The Center's investments (\$2,277,706) are in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool. They have an average maturity of 60 days or less. LAMP is administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed.

This investment pool has not been assigned a risk category since The Center is not issued securities, but rather owns an undivided beneficial interest in the assets of this pool.

Credit Risk and Custodial Credit Risk State law limits investments in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. The state investment pool (LAMP) operates in accordance with state laws and regulations. It is the district's policy to limit its investments in these investment types.

As of June 30, 2006, the district's investment in LAMP was rated AAAM by Standard & Poor's.

Note 5 Receivables from Other Governments

Receivables from other governments consist of the following:

	GENERAL FUND
DUE FROM	
Office for Citizens with Developmental Disabilities (OCDD)	\$ 15,332
Medicaid Waiver Income	12,740
TOTAL	<u>\$ 28,072</u>

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2006

Note 6 Capital Assets

Capital assets and depreciation activity is as follows:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Land	\$93,612	\$ -	\$ -	\$93,612
Buildings and Improvements	2,754,732			2,754,732
Furniture and Equipment	253,953	14,286	7,071	261,168
Buses and Vans	246,992	36,489	42,700	240,781
Total Cost of Capital Assets	3,349,289	50,775	49,771	3,350,293
Less Accumulated Depreciation:				
Buildings and Improvements	1,621,573	83,514		1,705,087
Furniture and Equipment	213,521	9,414	7,072	215,863
Buses and Vans	122,605	30,915	41,294	112,226
Total Accumulated Depreciation	1,957,699	123,843	48,366	2,033,176
Total Net Capital Assets	\$1,391,590			\$1,317,117

Depreciation expense of \$123,843 was charged to the governmental functions.

Note 7 Long-Term Obligations

Changes in long-term obligations are summarized below:

	BALANCE JUNE 30, 2006	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2005
Compensated absences	\$64,022	\$5,913	\$ -	\$69,935

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2006

Note 8 Pension Plan

Substantially all employees of The Center are members of one of two cost sharing, multi-employer retirement systems. In general, professional employees, such as teachers and principals, are members of the Teachers' Retirement System of Louisiana (TRS); and other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System (LSERS). Pertinent information relative to each plan follows:

TEACHER'S RETIREMENT SYSTEM OF LOUISIANA (TRS)

Plan Description. The TRS consists of three membership plans: Regular Plan, Plan A and Plan B. The Center participates in TRS Regular which requires mandatory enrollment for all employees that meet the legal definition of "teacher" in accordance with LRS 17:751(23)(a).

The Teachers' Retirement System of Louisiana provides retirement, disability and survivor benefits. Service retirements vest after 10 years of credited service, disabilities after 5 years, but member must be in active service at the time of filing the application for disability retirement. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy. Plan members are required to contribute 8.0 percent of their annual covered salary for the Regular Plan. The Center is required to contribute at an actuarially determined rate. The current rate is 15.9 percent of annual covered payroll for the membership plan. State law establishes member contributions and the Public Retirement Systems' Actuarial Committee establishes employer contributions and rates for the TRS.

Employer contribution to the TRS, as provided by state law, is funded by deductions from local ad valorem taxes and by remittances by The Center. The Center's contributions to the TRS for the years ending June 30, 2006, 2005, and 2004 were \$80,772, \$74,159, and \$59,857, respectively, which were equal to the required contributions for each year.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2006

Note 8 *Pension Plan (Continued)*

LOUISIANA SCHOOL EMPLOYEES RETIREMENT SYSTEM (LSERS)

Plan Description. The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804 or by calling (225) 925-6484.

Funding Policy. Plan members are required to contribute 7.5 percent of their annual covered salary and The Center is required to contribute at an actuarially determined rate. The current rate is 18.4 percent of annual covered payroll. State law establishes member contributions and the Public Retirement Systems' Actuarial Committee establishes employer contributions and rates for the LSERS. The Center's employee contribution for the LSERS is funded by remittances from The Center.

The Center's contributions to the LSERS for the years ending June 30, 2006, 2005, and 2004 were \$7,984, \$6,367, and \$3,488, respectively which were equal to the required contributions for each year.

Note 9 *Commitments and Contingencies*

Intergovernmental awards received by The Center are subject to audit and adjustment by the funding agency or its representative. If grant revenues are received for expenditures that are subsequently disallowed, The Center may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2006

Note 10 Risk Management

LIABILITY INSURANCE:

The Center is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; injury to employees; and natural disasters. The Center purchased commercial insurance policies for any and all claims relating to the above types of risks and is only liable for the payment of the deductible associated with the above types of risks.

HEALTH INSURANCE

The Center provides health and life insurance to employees. However, The Center pays 75% of the employee's cost of medical and life insurance premiums and 55% of the dependent coverage. The remainder is paid through withholding allowances on the employees' paycheck. The Center has no further liabilities on any health or life insurance claims except for paying their portion of the premiums.

Settlements have not exceeded insurance coverage in any of the three proceeding years.

***REQUIRED SUPPLEMENTAL
INFORMATION***

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Budget Comparison Schedule - General Fund
For the Year Ended June 30, 2006

	Budgeted Amounts			Variance -
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Ad Valorem Taxes	\$ 261,899	\$ 251,635	\$ 254,059	\$ 2,424
State Revenue Sharing	48,687	49,106	49,106	-
Donations	1,000	1,000	1,000	-
Interest and Dividends	90,000	163,500	165,251	1,751
Adult Services Income	443,230	473,816	473,862	248
Cafeteria Services	19,000	20,750	21,090	340
Intergovernmental Revenue	17,400	102,234	43,467	(58,767)
Sale of fixed assets	-	3,079	3,079	-
Miscellaneous	100	75	75	-
Total Revenues	<u>881,316</u>	<u>1,064,995</u>	<u>1,010,989</u>	<u>(54,006)</u>
EXPENDITURES:				
Current:				
District and School Administration	324,586	295,806	288,860	6,948
Adult Instruction	518,277	459,479	454,644	4,835
Cafeteria Services	113,703	105,119	103,134	1,985
Transportation Services	105,567	89,416	89,351	65
Community Services	43,475	41,992	41,438	554
LRS	46,408	412	260	152
Physical Plant and Insurance	142,100	129,311	127,996	1,315
Total Current	<u>1,294,116</u>	<u>1,121,535</u>	<u>1,105,683</u>	<u>15,852</u>
Capital Outlay	50,500	43,901	50,775	(6,874)
Total Expenditures	<u>1,344,616</u>	<u>1,165,436</u>	<u>1,156,458</u>	<u>8,978</u>
NET CHANGE IN FUND BALANCE	(463,300)	(100,441)	(145,469)	(45,028)
FUND BALANCE:				
Beginning of year	<u>4,230,717</u>	<u>4,270,166</u>	<u>4,276,182</u>	<u>6,016</u>
End of year	<u>\$ 3,767,417</u>	<u>\$ 4,169,725</u>	<u>\$ 4,130,713</u>	<u>(\$39,012)</u>

***SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE***
Schedule of Per Diem and Compensation of Board of Commissioners
For the Year Ended June 30, 2006

During the year ended June 30, 2006 the Board of Commissioners held thirteen (13) meetings. Board members were not paid per diem or mileage for the year.

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Cut Off, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Special Education District #1 of the Parish of Lafourche which collectively comprise the basic financial statements, as of and for the year ended June 30, 2006, and have issued our report thereon dated August 17, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Special Education District #1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Page 2 of 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Special Education District #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Commissioners, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, Louisiana
August 17, 2006



**SPECIAL EDUCATION DISTRICT #1,
OF THE PARISH OF LAFOURCHE**
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

We have audited the financial statements of the governmental activities and each major fund of the Special Education District #1 as of and for the year ended June 30, 2006, which collectively comprise the basic financial statements, and have issued our report thereon dated August 17, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the basic financial statements resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

b. Federal Awards - Not Applicable

Internal Control

Material Weaknesses ☐ Yes ☐ No Reportable Conditions ☐ Yes ☐ No

Type of Opinion On Compliance Unqualified ☐ Qualified ☐
For Major Programs Disclaimer ☐ Adverse ☐

Are there findings required to be reported in accordance with Circular A-133,
Section .510(a)? ☐ Yes ☐ No

c. Identification of Major Programs - Not Applicable

CFDA Number (s)	Name of Federal Program (or Cluster)
Dollar threshold used to distinguish between Type A and Type B Programs:	N/A
Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Section II - Financial Statement Findings

NONE

Section III Federal Award Findings and Questioned Costs

NOT APPLICABLE



**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Status of Prior Audit Findings
For the Year Ended June 30, 2006

<u>Reference Number</u>	<u>Fiscal Year Finding</u>		<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>	
	<u>Initially Occurred</u>	<u>Occurred</u>				

Section I - Internal Control and Compliance Material to the Financial Statements:

NONE

Section II - Internal Control and Compliance Material to Federal Awards

NOT APPLICABLE

Section III - Management Letter:

NONE

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Corrective Action Plan

For the Year Ended June 30, 2006

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
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Section I - Internal Control and Compliance Material to the Financial Statements:

NONE

Section II - Internal Control and Compliance Material to Federal Awards

NOT APPLICABLE

Section III - Management Letter

NONE